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Capping No-Fault Benefits Shifts Costs to Taxpayers

*New study estimates proposed auto insurance "reforms"
could cost state \$30 million per year*

LANSING – An insurance industry-proposed plan to cap personal injury protection (PIP) insurance coverage could add millions to Michigan's tax burden. A study released today estimates the proposed policy change could cost Michigan's Medicaid program at least \$30 million in the first year alone. State taxpayers are expected to close the gap.

Michigan currently requires all drivers to purchase personal injury protection insurance, which reimburses medical expenses and lost wages. State lawmakers are poised to act on Senate Bill 293, which would gut Michigan's model no-fault law by capping driver injury and rehabilitation benefits to as low as \$50,000. Insurance companies want to get out of providing lifetime PIP coverage, which is crucial for accident victims with traumatic brain injury and other catastrophic injuries. The insurance industry says premiums will be reduced if the legislation is passed, but industry leaders have refused to guarantee savings in the legislation.

"If you make cuts to Michigan's auto insurance system, the accident victims don't go away – and neither does the cost of care," said John Cornack, CEO of Eisenhower Rehabilitation Center in Ann Arbor and president of the Coalition Protecting No-Fault (CPAN). "It all just gets shifted from insurance companies and onto the backs of taxpayers. This legislation is a cost shift and a taxpayer shaft."

Data indicate more than 500 people every year will require long-term care as a result of suffering traumatic brain injuries in car accidents. Without adequate insurance coverage, the cost of care is shifted to other payers, including accident victims and their families, healthcare providers and taxpayer-funded public programs. If the PIP benefits are capped the total cost to the Michigan Medicaid budget could increase \$30 million in the first year, roughly \$61,000 per traumatic brain injury. Because an additional 500 people will suffer similar injuries each year, the costs to Medicaid could grow exponentially.

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The Michigan Brain Injury Provider Council: The Michigan Brain Injury Provider Council is dedicated to enhancing the ability of its members to provide high quality, ethical rehabilitation, health care, and related services to people with a brain injury. Members include organizations or individual professionals that provide direct products and services to people with brain injuries and/or their families, including but not limited to: hospitals, acute and post acute programs, case management agencies, outpatient clinics, home care agencies, private practitioners, legal representatives, advocates and transportation providers.

The Coalition Protecting Auto No-Fault: The Coalition Protecting Auto No-Fault is a broad-based coalition of consumer advocate groups, lawyers, doctors, hospitals and other health care providers working together to keep Michigan's model no-fault insurance law intact. Learn more about CPAN by visiting www.CPAN.us.